

ENTERED

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: COLUMBIA NATURAL RESOURCES,)	DIVISION OF
INC.)	GAS AND OIL
)	
RELIEF SOUGHT: EXCEPTION TO STATEWIDE)	DOCKET NO.
SPACING LIMITATIONS)	01-0515-0894
PRESCRIBED BY VIRGINIA)	
CODE § 45.1-361.17(A)(2))	
)	
LEGAL DESCRIPTION:)	
)	
WELL NUMBER CNR 24342)	
BIG SANDY FUEL CORP/EAGLE COAL CORP.)	
354.28-ACRE TRACT)	
GRUNDY QUADRANGLE)	
NORTH GRUNDY MAGISTERIAL DISTRICT)	
BUCHANAN COUNTY, VIRGINIA)	

REPORT OF THE BOARD

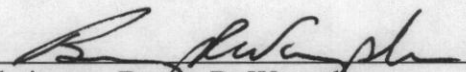
FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on May 15, 2001, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons listed in Exhibit B.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number CNR 24342 for Applicant's development and operation of Conventional Gas (herein "Gas" or "Conventional Gas") from all the Mississippian and Devonian Age formations including, but not limited to the Salt Sand #1, Salt Sand #2, Upper Maxon, Lower Maxon, Big Lime,

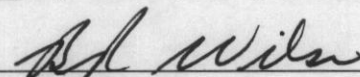
Little Lime, Weir, Berea, Cleveland, Devonian Shale, Lower Huron and Java, from surface to total depth drilled of 5,326 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to have Well Number CNR 24342 in a location which is 2,468.46 feet from existing CNR Well Number 23327 as depicted on Exhibit A hereto.

5. Amendments: None.
6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:
 - (1) Well CNR 24342 was drilled in July of 2000 on the Big Sandy Fuel Corp./Eagle Coal Corp. 354.28-acre tract, and the coal and surface owners consented to said well location which is depicted on the Plat attached hereto ("Plat").
 - (2) Before drilling Well #24342, Applicant had prepared a survey which indicated that said well was greater than 2,500 feet from existing CNR Well #23327; however, after CNR Well #24342 was drilled in July of 2000, it was discovered that the original survey was in error in that CNR Well 24342 was actually 2,468.46 feet from existing CNR Well #23327.
 - (3) The Applicant represents it has the right to operate and develop the reciprocal Well 23327, that Applicant has all adjacent Gas interests under lease, and that the granting of the application will not impact the correlative rights of any person.
 - (4) An expert witness testified that the granting of the location exception was in the best interest of preventing the waste of Conventional Gas reserves, protecting correlative rights and maximizing recovery of Conventional Gas underlying the drilling unit depicted on the Plat.
7. Relief Granted: The requested relief in this cause be and hereby is granted authorizing Well Number CNR 24342 at its current location which is 2,468.46 feet from existing CNR Well 23327 as depicted on the Plat attached hereto.
8. Findings: That the well location exception is needed in order to prevent the waste of Conventional Gas reserves, to protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.
9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 28th day of June, 2001, by a majority of the Virginia Gas and Oil Board.

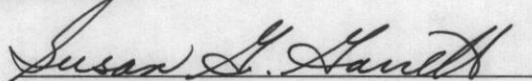

Chairman, Benny R. Wampler

DONE AND PERFORMED this 5th day of ~~June~~ July, 2001, by order of this Board.


B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

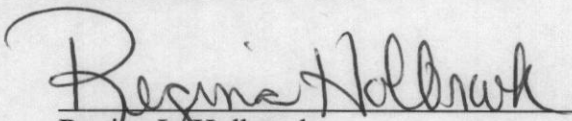
Acknowledged on this 28th day of June, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn, did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

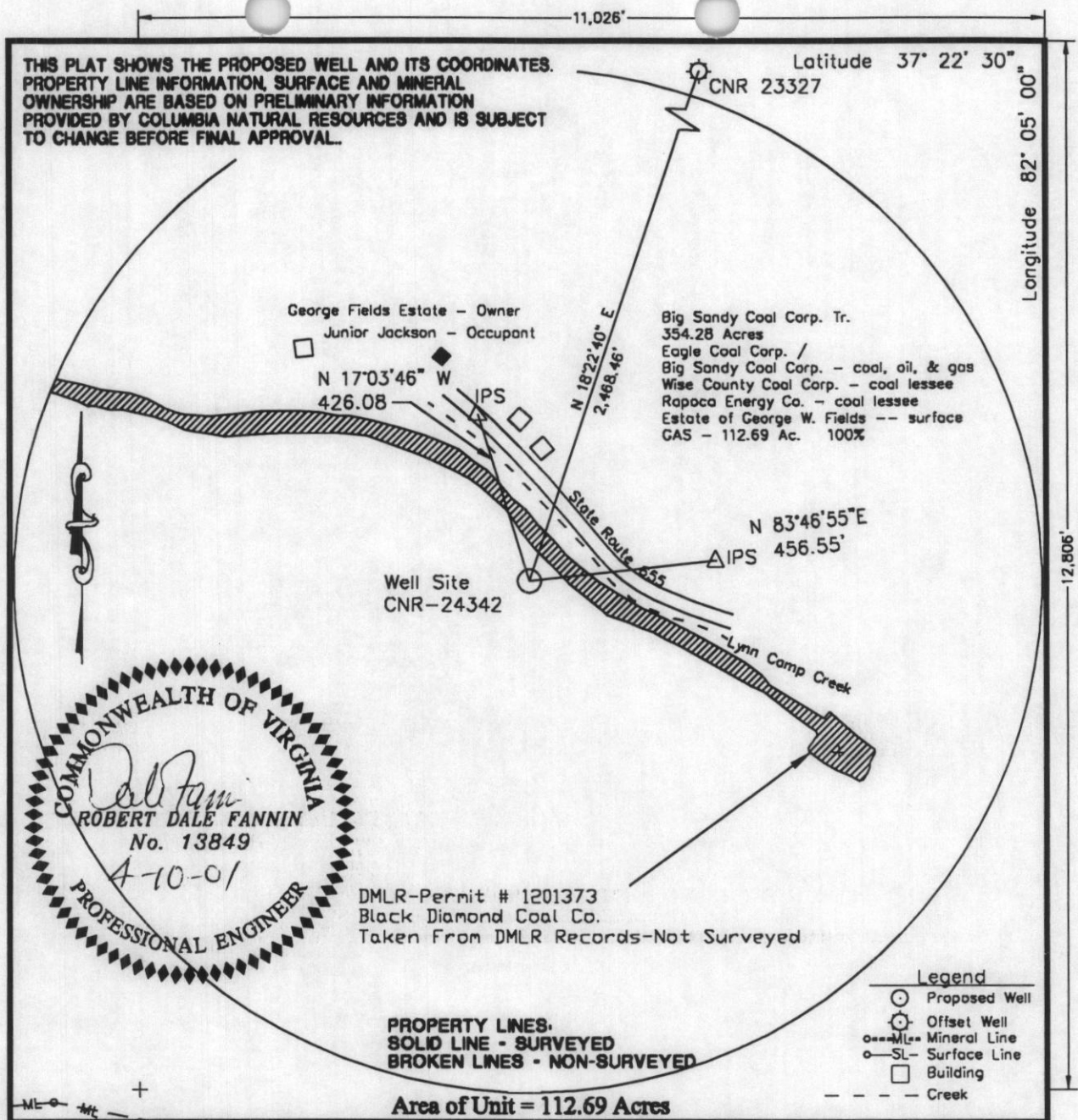
My commission expires: July 31, 2002

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 5th day of ~~June~~ July, 2001, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn, did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Regina L. Holbrook
Notary Public

My commission expires: July 31, 2002



WELL LOCATION PLAT FINAL

COMPANY: Columbia Natural Resources, Inc. WELL NAME OR NUMBER: CNR-24342
 TRACT NUMBER: Big Sandy Coal Corp. QUADRANGLE: Grundy
 DISTRICT: North Grundy
 WELL COORDINATES (VIRGINIA STATE PLANE): N - 386,633.76 E - 947,490.24
 ELEVATION: 1,415.46' METHOD USED TO DETERMINE ELEVATION:
 G.P.S. Observation from Cindy Monument
 The actual well location is within 10' (ten feet) of the permitted location.
 COUNTY: Buchanan SCALE: 1" = 400' DATE: 02-23-01
 THIS PLAT IS A NEW PLAT ; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT X

FINAL

+ Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown (optional).

Robert Dale Fannin

Licensed Professional Engineer (Affix Seal)

EXHIBIT B

WELL NO. 24342

EMLEBED
Big Sandy Coal Corp.
c/o Hess, Stewart & Campbell
P.O. Box 1060
Huntington, WV 25713

Eagle Coal Corp.
c/o Hess, Stewart & Campbell
P.O. Box 1060
Huntington, WV 25713

Rapoca Energy Company
P.O. Box 1116
Grundy, VA 24614
Attn: Mark Goff

Wise County Coal Corporation
135 Ridgewood Road
Huntington, WV 25701